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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/920,474	06/18/2013	Jay S. Walker	P2395.10481US19	9848

132897 7590 07/31/2017
Maschoff Brennan/ PayPal
1389 Center Drive, Ste 300
Park City, UT 84098

EXAMINER

SHEIKH, ASFAND M

ART UNIT	PAPER NUMBER
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3627

NOTIFICATION DATE	DELIVERY MODE
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07/31/2017

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAY S. WALKER, ANDREW S. VAN LUCHENE,
DEIRDRE O'SHEA, GEOFFREY M. GELMAN, and
DEAN ALDERUCCI

Appeal 2015-003614
Application 13/920,474
Technology Center 3600

Before MURRIEL E. CRAWFORD, CYNTHIA L. MURPHY,
and BRUCE T. WIEDER, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final decision rejecting claims 2–31. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

Claim 2 is illustrative:

2. An apparatus, comprising:
a processor; and
a storage device operatively coupled to the processor and containing instructions configured to direct the processor to:
receive information for a post relating to personal characteristics associated with a person;
determine a value based on the information;
verify the information;
provide the value in response to the information being verified; and
provide a different value in response to the information being not verified.

Appellants appeal the following rejection(s):

1. Claims 2–31 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.
2. Claims 2–31 are rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over Claim 22 of Walker (US 6,415,264 B1; iss. July 2, 2002) (“Walker”).
3. Claims 2–5, 7–8, 11–19, 22–23, 26–31 are rejected under pre-AIA 35 U.S.C. 103(a) as being unpatentable over Salmon et al. (US 5,592,375; iss. Jan. 7, 1997) (“Salmon”) in view of Ferguson et al. (US 5,819,092; iss. Oct. 6, 1998) (“Ferguson”) and Berson (US 6,532,459 B1; iss. Mar. 11, 2003) (“Berson”).
4. Claims 6 and 20–21 are rejected under pre-AIA 35 U.S.C. 103(a) as being unpatentable over Salmon in view of Ferguson and Berson, and further in view of Story (US 5,673,430 iss. Sept. 30, 1997) (“Story”).
5. Claims 9–10 and 24–25 are rejected under pre-AIA 35 U.S.C.

103(a) as being unpatentable over Salmon in view of Ferguson and Berson.

ISSUES

Did the Examiner err in rejecting claims 2–31 under 35 U.S.C. §101 because (1) the claims are not directed to an abstract idea (2) the Examiner has not provided evidence that the claims are directed to an abstract idea, (3) the claims do not preempt work in the technological field and (4) the claims effect a transformation of an article to a different state or thing and as such recite significantly more than an abstract idea?

Did the Examiner err in rejecting claim 2 because the prior art does not disclose a processor configured to provide a different value in response to the information being not verified?

ANALYSIS

Rejection under 35 U.S.C. §101

We are not persuaded of error on the part of the Examiner by Appellants’ argument that the claims are not directed to an abstract idea.

As an initial matter, we note that an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2354 (2014).

In determining whether a claim falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-

step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981) (“Analyzing respondents’ claims according to the above statements from our cases, we think that a physical and chemical process for molding precision synthetic rubber products falls within the § 101 categories of possibly patentable subject matter.”); *Parker v. Flook*, 437 U.S. 584, 594–595 (1978) (“Respondent’s application simply provides a new and presumably better method for calculating alarm limit values.”); *Gottschalk v. Benson*, 409 U.S. 63, 64 (1972) (“They claimed a method for converting binary-coded decimal (BCD) numerals into pure binary numerals.”).

The patent-ineligible end of the spectrum includes fundamental economic practices, *Alice*, 134 S. Ct. at 2357; *Bilski*, 561 U.S. at 611; mathematical formulas, *Flook*, 437 U.S. at 594–95; and basic tools of scientific and technological work, *Benson*, 409 U.S. at 69. On the patent-eligible side of the spectrum are physical and chemical processes, such as curing rubber, *Diamond*, 450 U.S. at 184 n.7, “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores,” and a process for manufacturing flour, *Gottschalk*, 409 U.S. at 69.

If the claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

We are not persuaded of error on the part of the Examiner by Appellants argument that the Examiner has not provided evidence that the claims are directed to an abstract idea. Appellants argument related to whether the claims are directed to an algorithm or a mathematical formula are not relevant because the Examiner does not hold that the claims are directed to an algorithm or a mathematical formula. Rather, the Examiner holds that the claims are directed to a fundamental economic practice. Specifically the Examiner holds that the claims are directed to the abstract idea of payment for posting and verification of personal information, which would further include the concept of rewarding for signing up and providing accurate information. Ans. 2

In regard to the holding of the Examiner that the claims relate to a fundamental economic practice, the Appellants argue that the Examiner is required to provide authoritative documentation and evidence that the identified economic component is long prevalent in our system of commerce. We do not agree.

Consideration of evidence in making a determination under the first step of the *Alice* framework has merit. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229 (Fed. Cir. 2016). But there is no requirement that examiners must

provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea. *See, e.g.*, para. IV “July 2015 Update: Subject Matter Eligibility” to “2014 Interim Guidance on Subject Matter Eligibility (2014 IEG),” 79 Fed. Reg. 74618 (Dec. 16, 2014) (“The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an **abstract idea** is being claimed) to be *a question of law*. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings.”) (emphasis added). Evidence may be helpful in certain situations where, for instance, facts are in dispute, but it is not always necessary. It is not necessary in this case.

In addition, we agree with the Examiner that the claims are directed to a fundamental economic practice i.e. providing value for information based on whether the information is verified or nonverified. The practice of providing value for information based on whether the information is verified or not verified is a long standing practice in the field of commerce as evidenced by, for example, valuing certified or notarized copies of documents differently than copies of those documents which have not been notarized or certified.

We recognize that our articulation of the fundamental economic principle upon which forms the abstract idea of the claims differs somewhat from that articulated by the Examiner. However, such difference only relates to the level of abstraction and such abstraction could be done at various levels. *See Apple, Inc.*, 842 at 1240–1241 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction. As

the Board has done, the claimed abstract idea could be described as generating menus on a computer, or generating a second menu from a first menu and sending the second menu to another location. It could be described in other ways, including, as indicated in the specification, taking orders from restaurant customers on a computer.”).

In addition, the steps of claim 2 essentially are receiving information and determining a value for the information based on whether the information is verified and as such amounts to receiving and analyzing data and which is an abstract process. “[M]erely presenting the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016).

We are not persuaded of error on the part of the Examiner because the claims do not preempt work in the technological field. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 701, 193 (2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”). And, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379

We are not persuaded of error on the part of the Examiner because the claims effect a transformation of an article to a different state or thing and as such recite significantly more than an abstract idea. Appellants argue that by providing a value in response to information being verified, a value is created where one did not exist before and as such an account balance is being transformed to a different state or thing. Reply. 8. However, in order for transformation to constitute statutory subject matter, a particular article needs to be transformed into a different state or thing. *See Diamond*, 450 U.S. at 176 (holding that use of mathematical formula in process “transforming or reducing an article to a different state or thing” constitutes patent-eligible subject matter); *see also Flook*, 437 U.S. at 589 n.9 (1978) (“An argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a ‘different state or thing’”); *Cochrane v. Deener*, 94 U.S. 780, 788 (1876) (“A process is... an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.”). The transformation must be of a physical or tangible object or something representative of a physical or tangible object. *See In re Abele*, 684 F.2d 902, 909 (CCPA 1982). As to the meaning of “article,” the court explained that chemical or physical transformation of physical objects or substances is patent-eligible under § 101, *Bilski*, 545 F.3d at 962. The court also explained that transformation of data is sufficient to render a process patent-eligible if the data represents physical and tangible objects, *i.e.*, transformation of such raw data into a particular visual depiction of a physical object on a display. *Bilski*, 545 F.3d at 962–63. Here the data that the Appellants argue is

transformed does not represent physical or tangible objects and as such we agree with the Examiner that claim 2 does not recite significantly more than the abstract idea.

In view of the foregoing, we will sustain the Examiner's rejection of claim 2 under 35 U.S.C. §101. We will also sustain this rejection as it is directed to the remaining claims because the Appellants do not argue the separate eligibility of the remaining claims.

Double Patenting Rejection

The Appellants do not appeal to the Double Patenting Rejection, therefore we summarily sustain this rejection. App. Br. 7.

Rejections under 35 U.S.C. §103(a)

We will not sustain these rejections because we agree with the Appellants that the Examiner has not established that the prior art discloses or suggests a processor configured to provide a different value in response to information being not verified.

The Examiner relies on Salmon for teaching the processor configured to receive information for a post relating to personal characteristics and Ferguson for teaching a processor configured to determine a value based on information and to provide that value and a different value in response to the information. The Examiner, realizing that the different value is not based on information being verified and not verified, relies on Berson for teaching information that is verified and information that is not verified. Fin. Act. 9.

The Examiner concludes that it would have been obvious to combine the teachings of Berson with the teachings of Salmon and Ferguson in order

to identify, track and correct personal information about an individual on a computer network. Fin. Act. 10.

We agree with the Appellants that the Examiner has not established that the combined teachings of Salmon, Ferguson and Berson teach a processor configured to provide a *value* in response to information that is verified and a different *value* in response to information that is not verified. As argued by the Appellants the value is determined not based on the information itself, but based on whether the information is verified or not. Although Ferguson does disclose a fee schedule to pay for information, there is no disclosure in Ferguson that the fee schedule is based on whether the information is verified or not. And although, Berson discloses that information may be verified or not, Berson does not teach that a value is determined based on whether the information is verified or not. We note that the Examiner does not address this aspect of claim 2 and as such does not establish the obviousness of the claim.

In view of the foregoing, we will not sustain the rejection of claim 2 and claims 3–5, 7–8 and 11–15 dependent therefrom. We will also not sustain this rejection as it is directed to claim 16 and claims 17–19, 22, 23 and 26–31 dependent therefrom because claim 16 recites the step of providing value in response to verified information and providing different value to information that is not verified.

We will also not sustain the rejection of claims 6, 20 and 21 which are dependent from claim 2 or claim 16 for the same reasons given above.

DECISION

We affirm the Examiner's rejection under 35 U.S.C. §101.

We affirm the Examiner's rejection on non-statutory obvious-type double-patenting grounds.

We reverse the Examiner's rejections under 35 U.S.C. § 103(a).

ORDER

AFFIRMED